Presentment Date and Time: March 14, 2017 at 12:00 p.m. (Prevailing Eastern Time)
Response Deadline: February March 13, 2017 at 4:00 p.m. (Prevailing Eastern Time)

HUGHES HUBBARD & REED LLP
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Attorneys for James W. Giddens,
Trustee for the SIPA Liquidation of Lehman Brothers Inc.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS INC., Debtor.	Case No. 08-01420 (SCC) SIPA

NOTICE OF PRESENTMENT OF STIPULATION AND ORDER REGARDING AUTHORIZATION FOR PAYMENT OF CLAIMS OF THE INTERNAL REVENUE SERVICE AND LIMITED RELATED STAY RELIEF

PLEASE TAKE NOTICE THAT James W. Giddens (the "Trustee"), Trustee for the SIPA Liquidation of Lehman Brothers Inc., by and through his undersigned attorneys, Hughes Hubbard & Reed LLP, will present the annexed Stipulation and Order Regarding Authorization for Payment of Claims of the Internal Revenue Service and Limited Related Stay Relief (the "Order") for signature to the Honorable Shelley C. Chapman, United States Bankruptcy Judge, in chambers, at the United States Bankruptcy Court for the Southern District of New York, the Alexander Hamilton United States Customs House, One Bowling Green, New York, New York 10004, on **March 14, 2017 at 12:00 p.m. (Prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE THAT objections, if any, to entry of the Order must (i) be in writing; (ii) state the name and address of the objecting party and nature of the claim or interest of such party; (iii) state with particularity the legal and factual bases of such objection; (iv) conform to the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules; (v) be filed with the Bankruptcy Court, together with proof of service, electronically, in accordance with General Order M-399 (available at the Court's website, www.nysb.uscourts.gov) by registered users of the Court's Electronic Case Files system, and by all other parties in interest, on a 3.5 inch disk or CD-ROM, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word proceeding format no later than **March 13, 2017 at 4:00 p.m. (Prevailing Eastern Time)** (the "Objection Deadline"); and (vi) served on (a) Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York, 10004, Attn: Christopher K. Kiplok, Esq. and Christopher Gartman, Esq.; (b) Securities Investor Protection Corporation, 1667 K Street, NW, Suite 1000, Washington, D.C. 20006-1620, Attn: Kenneth J. Caputo, Esq.; and (c) Office of the United States Attorney for the Southern District of New York, 86 Chambers Street, 3rd Floor, New York, New York 10007, Attn: Jean-David Barnea, Esq., Assistant United States Attorney, with a courtesy copy to the chambers of the Honorable Shelley C. Chapman, United States Bankruptcy Court, One Bowling Green, New York, New York 10004. Unless objections are received by the Objection Deadline, the Order may be entered.

Dated: New York, New York
March 7, 2017

HUGHES HUBBARD & REED LLP

By: /s/ Christopher Gartman

James B. Kobak, Jr.
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Attorneys for James W. Giddens, Trustee for the SIPA Liquidation of Lehman Brothers Inc.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS INC., Debtor.	Case No. 08-01420 (SCC) SIPA

STIPULATION AND ORDER REGARDING AUTHORIZATION FOR PAYMENT OF CLAIMS OF THE INTERNAL REVENUE SERVICE AND LIMITED RELATED STAY RELIEF

This Stipulation and Order (the "Stipulation") is entered into on the date hereof by and between James W. Giddens (the "Trustee"), as trustee for the liquidation of Lehman Brothers Inc. ("LBI") under the Securities Investor Protection Act of 1970, as amended ("SIPA"), and the United States, on behalf of its agency, the Internal Revenue Service ("IRS") (together, the "Parties").

WHEREAS, the Trustee and the IRS entered into a letter agreement dated as of February 23, 2017 in connection with the IRS's claims against LBI in LBI's SIPA liquidation proceedings pending before the United States Bankruptcy Court for the Southern District of New York, Case No. 08-01420 (SCC) SIPA (the "Letter Agreement");

WHEREAS, a copy of the Letter Agreement is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, this Stipulation is necessary because court approval is required to effectuate payment of the IRS' claims in the manner agreed to by the Parties;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED BY THE PARTIES THAT:

1. Pursuant to the terms of the Letter Agreement, the automatic stay shall be lifted for the limited purpose of allowing the IRS to offset overpayments made by LBI totaling $2,082,669.85 (the "LBI Overpayments") against LBI's pre-petition tax obligations remaining unpaid for which the IRS filed a timely amended claim (Claim No. 6386) on December 10, 2013 (the "LBI Non-Consolidated Liability").

2. Pursuant to the terms of the Letter Agreement, the Trustee shall be authorized to make payment to the IRS in an amount equal to: a) $2,540,069.11 (the remaining unpaid portion of the LBI Non-Consolidated Liability after offset of the LBI Overpayments as set forth in Paragraph 1); plus b) $50,875.49 (the amount shown on Claim No. 6818, an amended administrative expense claim filed by the IRS on December 22, 2016); plus c) interest provided for under Chapter 67 of the Internal Revenue Code on $50,875.49 (the amount shown on Claim No. 6818, an amended administrative expense claim filed by the IRS on December 22, 2016) from January 30, 2017, until the liability is paid in full.

3. This Stipulation shall not become effective unless and until this Stipulation has been executed by the Parties or their respective counsel and approved by Final Order (defined below) of the Bankruptcy Court ("Bankruptcy Court Approval"). "Final Order" shall mean an order or judgment of the Bankruptcy Court, or other court of competent

jurisdiction, as entered on the docket of such court, the operation or effect of which has not been stayed, reversed, or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending, provided, however, that no order shall fail to be a final order solely because of the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure, Bankruptcy Rule 9024, any similar local bankruptcy rule or any similar state statute or rule may be filed with respect to such order.

4. Upon receipt of Bankruptcy Court Approval of the Stipulation, the automatic stay pursuant to section 362(a) of the Bankruptcy Code and the Order of the United States District Court for the Southern District of New York entered on September 19, 2008 commencing the SIPA Proceeding (the "LBI Liquidation Order") shall be lifted solely to the extent necessary to permit the IRS to offset the LBI Overpayments against the LBI Non-Consolidated Liability.

5. The Stipulation shall be binding upon and inure solely to the benefit of the IRS and the Trustee and their respective successors and assigns, including any subsequent trustee appointed for LBI.

6. No amendment, waiver or modification of any provision of the Stipulation will be effective unless the same shall be in writing and signed by the IRS and the Trustee or their respective counsel, and approved by the Bankruptcy Court.

7. The Stipulation may be signed in counterparts which, when taken as a whole, will constitute one and the same document; and faxed or electronic signatures will be deemed originals.

8. Each individual signing the Stipulation will, by his or her signature, warrant and represent that he or she is authorized to execute the Stipulation in his or her representative capacity with binding effect on behalf of the party indicated.

9. This Stipulation will be governed by and will be interpreted in accordance with federal law.

10. The Bankruptcy Court will have jurisdiction to interpret and enforce the Stipulation and the IRS and the Trustee will consent to the jurisdiction of the Bankruptcy Court with respect to the interpretation and enforcement of the Stipulation.

[Signature page follows]

Dated: New York, New York
March 7, 2017

HUGHES HUBBARD & REED LLP

By:__________________________
James B. Kobak, Jr.
Christopher K. Kiplok
Christopher Gartman

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Attorneys for James W. Giddens, Trustee for the SIPA Liquidation of Lehman Brothers Inc.

PREET BHARARA
United States Attorney for the Southern District of New York

By:__________________________
Jean-David Barnea
Assistant United States Attorney

86 Chambers Street, 3rd Floor
New York, New York 10007
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Attorney for the Internal Revenue Service

SO ORDERED this __ day of ________ 2017

____
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

LARGE BUSINESS AND
INTERNATIONAL DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

February 23, 2017

James B. Kobak, Jr.
Christopher K. Kiplok
Christopher Gartman
Attorneys for James W. Giddens,
Trustee for the SIPA Liquidation of Lehman Brothers Inc.
One Battery Park Plaza
New York, New York 10004

Re: *In re Lehman Brothers Inc.*, Case No. 08-01420 (SCC) SIPA

Dear Mr. Kobak et al.,

This letter is to memorialize the agreement between James W. Giddens (the "Trustee"), as trustee for the liquidation of Lehman Brothers Inc. ("LBI") under the Securities Investor Protection Act of 1970, as amended ("SIPA"), and the Internal Revenue Service (the "IRS"), in connection with the IRS's claims against LBI in LBI's SIPA liquidation proceedings pending before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), Case No. 08-01420 (SCC) SIPA (the "SIPA Proceeding").

On December 22, 2010, the IRS filed a claim against LBI (Claim No. 6232) (the "Original IRS Proof of Claim"), which sought payment of alleged pre-petition tax obligations totaling $2,188,727,646.09. On December 10, 2013, the IRS filed an amended claim against LBI (Claim No. 6386) (the "Amended IRS Proof of Claim"), which supersedes the Original IRS Proof of Claim and seeks payment of alleged pre-petition tax obligations totaling $394,592,974.96, of which $4,622,738.96 (the "LBI Non-Consolidated Liability") relates to non-consolidated tax liabilities of LBI for an unpaid withholding tax (Form 1042), and the remainder relates to consolidated income tax of Lehman Brothers Holdings Inc. & Subsidiaries.

As of the date of this letter, the IRS is holding overpayments made by LBI totaling $2,082,669.85, consisting of the following: (i) $15,128.35 for employer payroll tax (Form 941) for the taxable period ended December 31, 2005; (ii) $492,709.90 for withholding tax (Form 1042) for the taxable period ended December 31, 2007; and (iii) $1,574,831.60 for employer payroll tax (Form 941) for the taxable period ended December 31, 2008 (collectively, the "LBI Overpayments").

The IRS and the Trustee agree that IRS should offset the LBI Overpayments against the LBI Non-Consolidated Liability. Doing so, however, requires relief from the automatic stay. By a document entitled "Stipulation and Order Regarding Authorization for Payment of Claims of the Internal Revenue Service and Limited Related Stay Relief" (the "Stipulation") to be filed with the Bankruptcy Court, the Trustee and the IRS will together seek to lift the automatic stay for the limited purpose of allowing the IRS to offset the LBI

Overpayments against the LBI Non-Consolidated Liability. After the anticipated exercise of the IRS's asserted setoff rights against LBI, the maximum portion of the Amended IRS Proof of Claim that is solely attributable to LBI and is not indemnified and reserved for by LBHI totals $2,540,069.11 (the "LBI Reserve Amount").

On September 19, 2013, the Bankruptcy Court entered an Order Pursuant to Section 503(a) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3) Establishing the Deadline for Filing Requests for Payment of Certain Administrative Expenses and Procedures Relating Thereto and Approving the Form and Manner of Notice Thereof (the "Administrative Expense Bar Date Order"). Pursuant to the Administrative Expense Bar Date Order, all requests for payment of administrative expense claims arising between September 19, 2008 and August 31, 2013 must have been filed with the Bankruptcy Court by October 31, 2013 (the "Administrative Bar Date"). On October 20, 2016, the Bankruptcy Court entered an Order Pursuant to Section 503(a) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3) Establishing a Supplemental Deadline for Filing Requests for Payment of Certain Administrative Expenses and Procedures Relating Thereto and Approving the Form and Manner of Notice Thereof (the "Supplemental Administrative Expense Bar Date Order"). Pursuant to the Supplemental Administrative Expense Bar Date Order, all requests for payment of administrative expense claims arising from September 1, 2013 up to and including October 31, 2016 must have been filed with the Bankruptcy Court by November 30, 2016.

On November 21, 2016, the IRS filed an administrative expense claim (Claim No. 6813), which was superseded by the amended administrative expense claim filed by the IRS on December 22, 2016 (Claim No. 6818) (the "Amended Administrative Expense Claim"). The administrative expense claim filed by the IRS on November 21, 2016 (Claim No. 6813) is hereby withdrawn and superseded by the Amended Administrative Expense Claim filed by the IRS on December 22, 2016 (Claim No. 6818). The Amended Administrative Expense Claim totals $50,875.49 as follows:

Kind of Tax	Tax Period	Tax Due	Interest Due	Penalty Due	Balance Due as of 01/30/2017
Form 1042	12/31/2013	$0.39	$4,966.88	$44,658.21	$49,625.48
Form 940	12/31/2015	$0.00	$118.82	$1,131.19	$1,250.01
	Totals:	$0.39	$5,085.70	$45,789.40	$50,875.49

The Amended Administrative Expense Claim advised LBI that interest will continue to accrue on $50,875.49 until fully paid.

The IRS and the Trustee agree that the Trustee will pay the IRS the LBI Reserve Amount together with the liabilities reflected on the Amended Administrative Expense Claim. The Trustee represents that he requires approval of the Bankruptcy Court in order to make such payment. By the filing of the Stipulation with the Bankruptcy Court, the Trustee and the IRS will together seek authority for the Trustee to make payment to the IRS totaling a) $2,540,069.11, the LBI Reserve Amount; plus b) $50,875.49, the amount shown on the Amended Administrative Expense Claim; plus c) interest provided for under Chapter 67 of the Internal Revenue Code on $50,875.49, the amount shown on the Amended Administrative

Expense Claim, from January 30, 2017, until the liability is paid in full (the "Payment Amount"). The Payment Amount represents the unpaid portions of the Amended IRS Proof of Claim and the Amended Administrative Expense Claim.

The Trustee and the IRS agree that (1) the Amended IRS Proof of Claim shall be allowed as a priority claim, pursuant to section 507(a)(8) of the Bankruptcy Code, in an amount totaling $2,540,069.11; (2) the Amended Administrative Expense Claim shall be allowed as an administrative expense claim, pursuant to section 503(a) of the Bankruptcy Code, in an amount equal to $50,875.49, plus interest accruing under Chapter 67 of the Internal Revenue Code from January 30, 2017, until the liability is paid in full; (3) the Trustee's payment of the Payment Amount shall be in full and final satisfaction of any and all claims by the IRS against LBI accruing on or before October 31, 2016, in the SIPA Proceeding, whether asserted (including the Amended IRS Proof of Claim and the Amended Administrative Expense Claim) or unasserted; and (4) upon payment of the Payment Amount, the Trustee shall no longer be required to reserve any amount for payment of any claim accruing on or before October 31, 2016 by the IRS against LBI, whether asserted or unasserted.

Sincerely,

Luciene C. Wright
Supervisory Revenue Agent

Agreed:

HUGHES HUBBARD & REED LLP

By: ______________________
James B. Kobak, Jr.
Christopher K. Kiplok
Christopher Gartman

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